



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

June 19, 2007

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE A PURCHASE OF A MICROSOFT ENTERPRISE AGREEMENT FROM
DELL MARKETING LP (ALL DISTRICTS)
(3 Vote)**

**CIO RECOMMENDATION: (X) APPROVE
() APPROVE WITH MODIFICATION () DISAPPROVE**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the purchase of a Microsoft Enterprise Agreement through Dell is not subject to the California Environmental Quality Act (CEQA), because the proposed activity will not have the potential for causing a significant effect on the environment.
2. Approve and authorize the Executive Director to purchase a Microsoft Enterprise Agreement from Dell Marketing LP (Dell) and authorize the Executive Director to use for this purpose a maximum of \$2,120,800, which includes \$424,160 in Investment Technology Funds included in the Community Development Commission's (Commission) approved Fiscal Year 2006-2007 budget for the first year of the agreement.
3. Authorize the Executive Director to execute purchase orders in an amount not to exceed \$2,120,800 in one-year installments of a maximum of \$424,160 each year for five years, using funds to be approved through the Commission's annual budget process; and authorize the Executive Director to execute all amendments and required documents necessary to complete the purchase.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase a Microsoft Enterprise Agreement through Dell to enable the Commission to receive licenses and software assurance benefits for Microsoft products. The purchase was identified as an objective for this year's Department's Business Automation Plan which specifies the Commission's plans for information technology management and development.

The County's Department of Public Works (DPW) utilizes a Microsoft Enterprise Agreement. The Commission's Information Technology Manager met with DPW's Chief of Information Technology and determined that a Microsoft Enterprise Agreement would likely be the most beneficial and cost-effective solution for the Commission. Commission staff also consulted with a Microsoft Government Account Manager who described the advantages an Enterprise Agreement would provide the Commission over Volume Licensing and informed us that discounted pricing was available. Finally, the Chief Information Office (CIO) reviewed and approved this request as reflected in the attached CIO Analysis.

The Commission will receive a price discount of \$115,406.61 in each of the five years of the agreement and a total discount of \$577,033.05 over the term of the agreement. The amount of the discount is obtained by comparing the annual and aggregate cost of the Enterprise Agreement to a Microsoft Select Agreement, an alternate software licensing agreement available to the Commission. By selecting a five-year installment plan, the Commission will receive all licenses and rights immediately while allowing the Commission to distribute payments over five years with no interest. After payment of the five installments, the Commission need only pay an annual software assurance fee to receive all benefits in perpetuity, a significant savings in future costs.

FISCAL IMPACT/ FINANCING:

There is no impact on the County general fund. The maximum amount for all five years of the agreement will be \$2,120,800. This price includes \$1,928,000 based upon a quotation from the vendor and an additional \$192,800 to permit the Commission to increase the number of licenses for future purchases of additional equipment and for unforeseen costs.

For the first year of the agreement, the Commission will use a maximum of \$424,160 in Investment Technology Funds included in the Commission's approved Fiscal Year 2006-2007 budget. Funds for years two through five will be requested through the Commission's annual budget approval process.

The vendor confirms that no California sales or use taxes apply to this purchase. California is one of the states which allows a tax exemption for digital downloads, and all products for this purchase will be digitally downloaded.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Commission needs 850 licenses to update our software needs for our office and community training sites. Microsoft's Enterprise Agreement is best utilized by such organizations as the Commission that have more than 250 desktop computers. "Software Assurance Benefits" of an Enterprise Agreement include:

- simplified license and compliance tracking
- flexibility to upgrade to newer versions of products
- simplified budgetary planning
- a minimum of five days of consulting services for desktop deployment planning
- unlimited web support for all servers

Microsoft is the Commission's standard software, and we currently use various versions of its operating systems and Office products. The new Agreement would entitle the Commission to access all upgrades so that the Commission may standardize all Microsoft products to a single level throughout the organization.

Recently, your Board approved purchases of new technology that can accommodate Microsoft upgrades. The Commission purchased desktop computers with faster processing speeds and new servers that provide a more robust infrastructure. The upgrade capabilities granted under the proposed Microsoft Enterprise Agreement will maximize the return on the Commission's investment in new technology and improve administrative processes.

ENVIRONMENTAL DOCUMENTATION:

The proposed purchase of a Microsoft Enterprise Agreement through Dell is exempt from the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

The Enterprise Agreement will be purchased under the California County Information Services Directors Association (CCISDA) Enterprise Agreement (#01E62044). The CCISDA Enterprise Agreement was a formal RFP led by the County of Riverside and awarded in 2002 to offer the lowest prices possible for state and local government customers in California. The Commission received three bids from approved CCISDA

resellers. Dell offered the lowest bid and is being recommended for the purchase award.

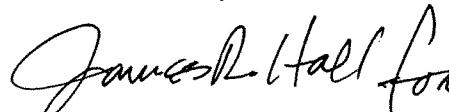
IMPACT ON CURRENT PROJECT:

The purchase of a Microsoft Enterprise Agreement will improve administrative processes and maximize the return on the Commission's technology investments.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Reviewed by:


JON W. FULLINWIDER
Chief Information Officer
County of Los Angeles

Attachments: 1

CIO ANALYSIS

PURCHASE OF MICROSOFT ENTERPRISE AGREEMENT FOR THE COMMUNITY DEVELOPMENT COMMISSION (ALL DISTRICTS) (3 VOTES)

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
 ☐ **DISAPPROVE**

Contract Type:

☒ **New Contract** ☐ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract** ☐ **Hardware Acquisition** ☐ **Other**

New/Revised Contract Term: **Base Term: 5 Years** **# of Option Yrs: 0**

Contract Components:

☒ **Software** ☐ **Hardware** ☐ **Telecommunications**
☐ **Professional Services**

Project Executive Sponsor: Carlos Jackson, Executive Director, CDC

Budget Information :

Y-T-D Contract Expenditures	\$ 0
Requested Contract Amount	\$1,928,000
Requested Contingency	\$ 192,800
Aggregate Contract Amount	\$2,120,800

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT and Security Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Has data for this contract and/or project been entered into the Information Technology Tracking System (ITTS)? A one time software purchase does not require tracking via ITTS.

Project/Contract Description:

The purpose of this action is to purchase a Microsoft Enterprise Agreement via a purchase order through Dell Marketing LP (Dell) to enable the Commission to receive licenses and software assurance for Microsoft products. This purchase was identified as an objective for the Department's Business Automation Plan for the current fiscal year.

There is no impact on the County's General Fund. The maximum amount for all five years of the agreement will be \$2,120,800. This price includes \$1,928,000 based upon a quotation from the vendor and an additional \$192,800 to permit the Commission to increase the number of licenses for future purchases of additional equipment and for unforeseen costs. The funds will originate from the Commission's approved Fiscal Year 2006-2007 budget.

Background:

The Commission needs 850 licenses to update their software needs for their office and community training sites.

Project Justification/Benefits:

The Commission's IT Manager met with the Department of Public Works' (DPW) Chief of IT and determined that a Microsoft Enterprise Agreement would be a substantial cost savings, the most beneficial including maintenance for the Commission. By selecting a five-year installment plan, the Commission will receive all licenses and rights immediately while allowing the Commission to distribute payments over five years with no interest. After payment of the five installments, the Commission need only pay an annual software assurance fee to receive all benefits in perpetuity, a significant savings in future costs.

Project Metrics:

Project metrics are not required for this purchase.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

The short-term impact of not approving the purchase is that the Commission will not be able to standardize all computers using Microsoft products. This lack of standardization will increase administrative costs. A longer-term impact of not approving the purchase is that the Commission will not maximize the return on their investment in new technology as they will not be permitted to utilize the latest Microsoft upgrades.

Alternatives Considered:

Microsoft Office Suite products are the County and Commission's standard for desktop equipment, so no alternatives to a Microsoft Agreement were considered. Microsoft Volume Licensing was considered, but it was determined that an Enterprise Agreement would cost \$115,406.61 less annually and \$577,033.05 less over the term of the agreement.

Project Risks:

None.

Risk Mitigation Measures:

None.

Financial Analysis:

The maximum amount for all five years of the agreement will be \$2,120,800. This price includes \$1,928,000 based upon a quotation from the vendor and an additional \$192,800 to permit the Commission to increase the number of licenses for future purchases of additional equipment and for unforeseen costs.

For the first year of the agreement, the Commission will use a maximum of \$424,160 in Investment Technology Funds included in the Commission's approved Fiscal Year 2006-2007 budget. Funds for years two through five will be requested through the Commission's annual budget approval process.

The vendor confirms that no California sales or use taxes apply to this purchase.

The Commission plans to utilize discounted pricing available via the California County Information Services Directors Association (CCISDA) Enterprise Agreement (#01E62044).

CIO Concerns:

None.

CIO Recommendations:

Approval of the proposed software acquisition.

CIO APPROVAL

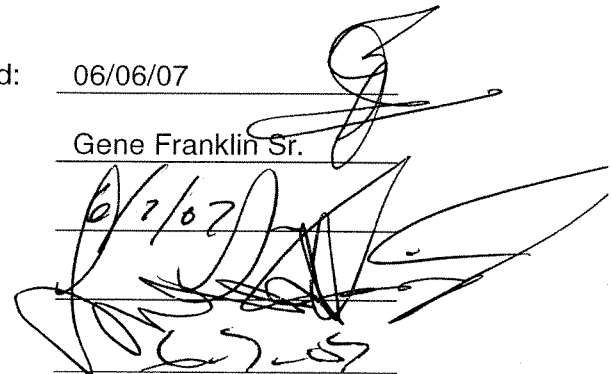
Date Received: 06/06/07

Prepared by: Gene Franklin Sr.

Date: 6/7/07

Approved:

Date: 6/7/07

The block contains handwritten signatures and dates. A signature is written over the 'Prepared by' line. Another signature is written over the 'Date' line. A third, larger signature is written over the 'Approved' line. A fourth signature is written over the 'Date' line at the bottom.